Development (1943) Department.

Ms. SERIES.

G.O. No. 808

808
17.5.43

Dated 17th May 1943.

[Despatch Abstract.]

Industries - Sericulture - Kollegal Silk Filatures (Acquired by the Government of Madras) - Working of - Accounting procedure.

OFFICE OF THE ACCOUNTANT-GENERAL, MADRAS
BANGALORE.

~~Fort St. George,~~ 20th April 1943.

No. T.X-Ind-I-113.

Enclosures.

Subject: Kollegal Silk Filatures Ltd., - Running of the Factory by Government - Accounting procedure.

Reference: G.O.No.Ms.311 Development dated 12-3-43 and memorandum No.11446-Sc/42-2, dated 12-3-43.

....

In paragraph 3 of the order cited above, Government have directed that a sum not exceeding Rs.1½ lakhs be placed at the disposal of Mr. Peychand, the Officer in administrative control of the Kollegal Silk Filatures Ltd., to meet the working expenses of the factory and he has been authorised to draw cheques on the Sub-treasury, Kollegal for advances upto this amount which will be debited to 'Deposits and Advances etc., Advances Repayable - Special Advances", the advances being adjusted in due course by detailed bills by debit to "43.Industries - Industries - Kollegal Silk Filatures Ltd."

As the main object in requisitioning the Kollegal Silk Filatures Ltd., is to ensure continuity of supply of silk for war purposes and as the working expenses are now to be borne by the Government the accounting procedure suggested in paragraph 5(b) of the note enclosed to this office No.T.10-Ind-112, dated 15-1-43 in respect of the working expenses of the proposed Government Silk Filatures at Kollegal, may be adopted for this case also with advantage.

3. Mr. Peychand has already been authorised in this office No.T.11-Gl.16, dated 23-3-43 to obtain funds for working expenses by cheques. He may therefore be required to render compiled accounts with suitable abstracts of the transactions under the prescribed heads of account, with reference to the provisions of article 15(e) of the Madras Account Code, Volume I. (A skeleton form of the monthly account is annexed).

4. As regards the classification of the drawings in the treasury accounts it would appear to be more appropriate to classify them under the major head "Cash remittances and adjustments between officers rendering accounts to the same Accountant General" rather than under "Advances Repayable - Special Advances" as they will not represent isolated cases of repayable special advances but will represent frequent drawings for working expenses so long as the arrangement lasts. If Government agree the orders in paragraph 3 of the G.O. may kindly be modified.

5. In order however to distinguish the payments, they may be shown in the treasury accounts under the minor head "Miscellaneous Remittances" a suitable detailed head, e.g., "Kollegal Silk Filatures (Ltd) - II Cheques" being opened for the purpose. Similarly, the cash remittances if any into the treasury may be credited in the treasury accounts under the head "Miscellaneous Remittances - I Remittances".

Claims may be prepared in the prescribed bill forms to comply with the provisions of the financial and treasury codes but the payments thereof may be made by the officer in charge himself from funds obtained by means of cheques on the treasury, the bills being stamped paid at the time of the payments. All vouchers (except cash vouchers whether relating to work or contingencies, the amounts of which do not exceed Rs.25/- and muster rolls in support of payments of wages to labourers) may be sent to audit along with the monthly compiled accounts. The detailed instructions contained in G.O.No.1407 Development dated 20-11-33 may be followed to the extent necessary as indicated in the annexure. (B)

The existing internal commercial accounts may continue to be maintained for the present. In addition the books and registers mentioned in the annexure may also be maintained in the forms as given in the appendix to G.O.No.1407 dated 20-11-33. (B) A spare copy of the G.O. may kindly be furnished to Mr. Peychand for information and guidance. A local audit of the accounts will be undertaken by this office as soon as the first annual or half-yearly accounts, after the concern has been taken over by Government, already for audit; and changes necessary, if any, will be suggested in consultation with the officer in charge.

6. Very early orders of Government are requested on the suggestions made above. Further instructions that may be found necessary will be issued later on receipt of orders of Government. In the meanwhile a copy of this letter is being sent to the Director of Industries and Commerce and Mr. Peychand for information.

(K.M.Subramaniam)
DEPUTY ACCOUNTANT GENERAL.

To
The Secretary to the Government of Madras,
Development Department, Madras.

TS.

Annexure.

A memorandum showing the system of Government accounts and registers to be maintained by the Kollegal Silk Filatures ~~Ltd.~~

Consequent on the taking over of the Kollegal Silk Filatures Ltd., for working by Government, this memorandum has been drawn up containing the rules to be applied in connection with the exhibition of their transactions in the Government accounts. The rules in the Madras Financial Code and Madras Treasury Code and the rules in the Madras Budget Manual may be followed except wherever they are repugnant and except as provided for below:

2. Cash Book.- (1) An account of all cash transactions both for receipts and payments (including Imprest Cash account) should be recorded in the Cash Book in Form No.I (specimen attached). It contai a single money column on the receipt side, viz., 'cash' and two money columns on the payment side, viz., 'cash' and 'Bank'.

(2) All receipts realized by the department should at once be brought to account on the receipt side and should be remitt into the treasury as often as practicable and in any case when they exceed such amount as may be prescribed by a competent authority. The credits should be classified in the Government accounts under the head "Miscellaneous Remittances - I Remittances". The amount remitted into the treasury should be posted on the payment side of the cash book.

(3) All payments, whether by cash or cheque, should be entered in the respective columns on the payment side. When paymen is made by cheque, there is no need to enter the amount as cash receiv on the receipt side. Deductions on account of (1) Service Funds, (2) Income-tax, (3) Advances, etc., made from the salaries of employee (which are accounted for in Gross sums on the payment side) should be entered both in the cash column on the payment side and on the receip side. On the payment side, the amount should be classifed under the same head as the amount of the corresponding cheque. On the receipt side it should be classified under the respective heads of account.

(4) The private cash or accounts of members of the department should not be mixed up with the public cash or accounts.

Note.- The detailed instructions for maintaining the Cash Book are contained in Annexure I and they should be strictly observed in practice. Particular attention should be paid to the instructions Nos.(and (8) for dealing with imprest cheques as well as time expired, cancelled and lost cheques.

3. Verification of Cash Book.- The disbursing officer is required to check all the entries in the Cash Book as soon as possible after the date of their occurrence, and he should initial the book, dating his initials after the last entry checked. The Cash Book should be signed by him at the end of the month and such signature should be understood as fixing responsibility for all the entries of the month inclusive of the closing balance.

Note.- The following is the memorandum of some of the more important parts of the verification.

The disbursing officer should
- (i) compare each entry of payment with the amount chargeable as shown in the voucher, seeing, at the same time, that it bears (i) payment order recorded by himself, and (ii) the certificate of disbursement signed by himself or an authorized subordinate and ticking off each voucher as it is passed;
- (ii) see, whilst examining the posting of vouchers on the paymer side, that all deductions shown in the vouchers are posted as receipts on the receipt side of the Cash Book as described in paragraph 1 (3) above; and
- (iii) verify the totalling of the cash book or have this done by some principal subordinate (other than the writer of the Cash Book) who should initial and date it as correct.

4. Verification of Cash Balance.- The actual balance of cash should be verified on the last working day of each month and a certificate of the count of cash, specifying both in words and figures the actual cash balance, should be recorded below the closing entries in the cash book. This certificate should be signed by the disbursing officer who should invariably date his signature.

5. Imprest Cash Account.- When an imprest is sanctioned to an officer, an imprest cash account should be maintained in Form No. II (Specimen ~~attached~~) for recording the payments made by him out of the imprest sanctioned which should be recouped, as and when found necessary and always at the end of each month. The totals of the analysis column should at the time of each recoupment be carried to the main cash book on the payment side. The cash book voucher number should at the same time be noted on each of the vouchers received in support of the payments extracted in the analysis.

(× grain in GO 1407 Acc dt 20.11.33)

Note.- Instructions for maintaining the imprest cash account are contained in Annexure II, which should be carefully observed.

(× ~~not typed~~ Vide GO 1407 Acc dt 20.11.33)

6. Transfer entry book.- All book transfers, i.e., transactions in which no actual payment or receipt of cash is involved, should be recorded in the transfer entry book in Form No.III (~~specimen attached~~). This book should be closed before the end of the month so that the figures may be incorporated in the monthly account through the posting register. The transfer entry book does not take the place of the 'Journal' at present maintained.

× ~~GO~~ GO 1407 Acc dt 20.11.33

Note.- A single entry should be made at the close of the month of the total amount of cheques drawn by crediting the head "Remittances - cheques" in the posting ledger. The entry suggested is to enable the monthly accounts to balance correctly. The final heads concerned would have already been debited through the cash book by the amounts of the cheques issued in each case, and the consolidated entry suggested in the note referred to above, viz., credit to the head "Remittances - Cheques" is to enable both sides of the monthly account to agree. No specific account need be debited but a note in the debit column of the transfer entry book may, if necessary, be made as below:-

"Final heads already debited in respect of the amounts of cheques issued".

7. Register of cheques drawn.- Cheques drawn on the treasury should be entered in a register in Form No.IV (specimen attached), a copy of which should be sent to the treasury for verification and countersignature at the close of each month. The list countersigned by the treasury should be forwarded to the Accountant General along with the monthly accounts, after posting column (5) of the office copy of the register.

GO 1407 Acc dt 20.11.33

Register of

8. Remittances into the treasury.- Remittances of cash, as and when they are made should be recorded in a register maintained for the purpose in Form No.V (specimen attached). A consolidated receipt should be prepared for the whole of the remittances made during the month and sent to the treasury officer for his signature, which should be obtained and forwarded to the Accountant-General, along with the monthly accounts.

9. Register of cheques and receipt books.- A register of cheques (and receipts) books should be maintained in Form No.VI (specimen attahced) separate pages being reserved for cheque books and receipt books.

GO 1407 Acc dt 20.11.33

10. Posting register.- This is an intermediary register for the purpose of compiling the monthly account for submission to the Accountant General. This should be maintained in Form No.VII (specimen attahced) and posted from the cash book and transfer entry book.

GO 1407 Acc dt 20.11.33

11. Form of monthly account.- A classified abstract should be prepared from the posting register described above in Form No.VIII (specimen attached) and despatched to the Accountant General on or before the 8th of the month following that to which the accounts relate accompanied by the Account Documents described below:-

Account Documents.-

(i) List of cheques drawn.
(ii) Consolidated bank receipt.

12. Vouchers.- All vouchers (except cash vouchers whether relating to works or contingencies, the amounts of which do not exceed Rs.25 and muster rolls in support of payments to labourers) should be despatched accompanied by a list of payments. The ~~first batch of~~ vouchers relating to payments made ~~from the first to the tenth~~ during the month should be despatched so as to reach the Accountant General on or before the third of the next month.

13. Control of expenditure.- The progress of expenditure including liabilities to be adjusted should be watched with a view to taking early steps to obtain extra funds or surrender probable savings. To this end the procedure laid down in the Budget Manual should be followed.

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Monthly Account.

Classified Abstract for the month of

Receipts.	Total. Rs. A. P.
XXXII Industries -	
Industries -	
Kollegal Silk Filatures (Ltd.)	
(a) Cost of silk sold to the Central Government	..
(b) Cost of waste silk etc. sold to private parties etc. ..	..
Total XXXII Industries	..
Cash Remittances ~~etc.~~ and adjustments between Offices pending accounts to the Source No. 49	
Miscellaneous Remittances	
Remittances of the Kollegal Silk Filatures (Ltd.)	
II Cheques	..
(Other heads may be opened in consultation with this office as and when found necessary)	
Total Receipts	..
Opening balance	..
Grand total of receipts	..

Charges.

43. Industries - Industries -		
Kollegal Silk Filatures (Ltd.)		
Working expenses		
(i) Pay of officers and establishment		
(a) Factory staff ..		..
(b) Office staff ..		..
(ii) Allowances and contingencies ..		..
(iii) Cost of cocoons ..		..
(iv) Wages ..		..
(v) Tools, appliances, stores and materials		..
(vi) Motive power ..		..
(vii) Other charges (freight, centage and other miscellaneous expenses).		..
Total 43 ..		..
Cash Remittances etc.		
Miscellaneous Remittances		
I Remittances into treasuries		..
Total payments ..		..
Closing balance ..		..
Grand total of payments		..

(other heads may be opened in consultation with this office as and when found necessary).

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Draft letter attached 21/5/43

C.F. 16.

Dev. Dept

DRAFT FOR APPROVAL.

	Date.	Initials.
When received for fair copying ..	1/3-8	
When copied ..		
When examined ..		
When signed ..		
When despatched.		

SUBJECT :— Industries – Sericulture – Kollegal Silk Filatures (acquired by the Govt of Madras) – Working of – Accounts procedure.

READ AGAIN G.O. No 311 Dev dated 12-3-1943

" " " 19

READ *ALSO* :—

No. 8419 D/43 From A.G. No. T.X. 2nd 113 dated 20.4.43 19

" " " 19

" " " 19

Order ~~Resolution~~ Ms. No. 808 dated 17-5-1943.

The Govt are pleased to approve paras 3-7 of the memorandum of instructions annexed to the order by the A.G. for the maintenance of books and accounts for the Kollegal Silk Filatures and the system of accounting to be followed in respect of them. For the present, para 7, p 2 of the existing internal commercial accounts may continue in addition. The A.G. is requested to conduct a local audit of the accounts of the concern as soon as the first half yearly accounts after it was acquired by the Govt are ready and to suggest the changes, if any, necessary in the system.

2. In modification of the order issued in para 3 of (R) para 3 of G.O. 311 Dev d 12.3.43 the Govt direct that the drawings from

the Treasury be classified under the Major Head "[illegible]
"Cash remittances and adjustments between Cf para 4, H
Offices rendering accounts to the same AG"
instead of to "Advances Repayable Ex Special
Advances" ~~Thereon adjustment in due course~~
~~to the Heads of Products of Kollegal Silk~~
~~Factories~~

~~The payments~~ (and) should be shown under
the new head "Misc. Remittances — ... Cf para 5 f 2
a detailed head - Kollegal Silk Factories -
Cheques" The Cash remittances into the Treasury will be accom
(being credited) under Misc. Remittances — ... for
I. Remittances

3. The Govt permit the Manager of
the Kollegal Silk Factories to draw the
moneys required for the working expenses
of the Factory by means of cheques
from the Treasury. The claims should be
prepared in the prescribed bill forms to
comply with the provisions of the Financial
and Treasury Codes but the payments
thereof may be made from funds
obtained by means of cheques on the
Treasury, the bills being stamped 'Paid'
at the time of the payments. All
Vouchers (except Cash Vouchers) whether
relating to Work or Contingencies, the
amounts of which do not exceed
Rs 25/- and muster rolls in support of

payments of wages to labourers should be sent to audit along with the monthly Compiled accounts. The detailed instructions contained in G.O. No 1407 Dev d 20.11.23 shall be followed to the extent necessary as indicated in the Memorandum of instructions. The D.Dte is requested to supply the Manager of the factory with a copy of G.O. 1407 Dev d 20.11.23 with reference to the provisions of article 15(e) of the Madras Account Code Vol I, accounts compiled with suitable abstracts of the transactions under the prescribed heads of accounts should be rendered to the A.G. by the Manager of the Kollegal Silk Filature &c.

Annexure

[H.E. Pr 3-7 cf. as cited]

Dy 4/20.5.24 Secy 3.543

To the D.Dte ✓

A.G. this Dte. ✓

Copy to Pr. Secretary ✓

Copies to SF

Copy to Finance Deptt. ✓

NOTES

Dev. Dept

Sub: Industries - Sericulture - Kollegal Silk Filatures (acquired by the Govt. of Madras) - Working of - Accounts procedure.

CNo 84/1942/43. Ref from the A.G. No T.X. - Ind - F. 113 d 20.4.43

To Addl U.S

pp 1-7 cf. Please see the letter from the A.G. suggesting the system of accounting to be followed in working the Kollegal Silk Filatures (acquired by the Govt. of Madras) as a Commercial undertaking.

pp 3-7 cf ✓ The memorandum on the subject prepared by the A.G. closely follows the system in vogue in other Commercial undertakings, as prescribed in G.O. No 1407. Dev d. 28.11.33 and it may be approved for adoption in this case under reference for orders.

(B) of U.

2. The other points raised by the A.G. for the consideration of the Govt. are examined below

(a) Withdrawal for working expenses:

no 2 pp 1 cf The Manager of the Kollegal Silk Filatures (Mr. Peychand is the officer in administrative control now) may draw funds for working expenses by means of cheques. This is the system proposed for the Govt. Silk Filatures also (Factory financed by the Govt. of India). A.G.'s suggestion in this regard may be approved.

pp 6 cf no 1 & 2 below of U.

(b) Classification of drawings and payments:

For the reasons stated by the A.G. at ✓ on p. 1 cf., it has been suggested that the drawings and payments may be debited to

2nd

"Cash remittances and adjustments between offices rendering Accounts to the same A.G." instead of to "Deposits and Advances - Advances Repayable - Special Advances" as laid down in G.O. No 311 - para 3 Dev d 12.3.43.

The proposal of the A.G. to show payments for Mil under the minor head "Misc Remittances with a detailed head - Kollegal Silk Filatures/ and to show Cash remittances into the Treasury under "Misc. Remittances. I. Remittances" with detailed head - 'Kollegal Silk Filatures' may be approved.] - S.

(c) Compilation of accounts and preparation of claims: Please see paragraphs 3 & 6 at pp 1-2] - S. 9/5/43

Cf. The proposals of the A.G. may be accepted.

Subject to orders on the above points, a draft order is submitted for consideration.

The draft case may be sent to the Fin dept for remarks if any and for acceptance of the draft order.

DO 6/43

The draft may be accepted and sent to Fin for acceptance or remarks.

6/5/43. Ad.S. S. 9/5/43

Jr. Finance CAup. B

The draft order may be accepted subject to the alterations indicated in pencil. Thro' B.G.

KRV 12.5.43

A.S. 12.5.43

S

DW 14.5.43

Dept M 12195 Aud B 14-5-43

10251

ADDITIONAL DEVELOPMENT DEPARTMENT
DEPUTY SECRETARY
10 MAY 1943
GOVERNMENT OF MYSORE

Rev. Dept

To Addl us.

The alterations indicated by the Finance Dept may be agreed to.

The draft order below explains the proposal in this case. For order whether it may issue as amended.

Addl. may issue
15/5/43. M.S. 17/5/43

[Issued as G.O. 808 Rev dt 17.5.43.]